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# TENDER PROCEDURES

Rosida binti ahmad Nur hazlina binti lamli Maisharah binti osman

Altra Calkons

CIVIL ENGINEERING DEPARTMENT

# **TENDER PROCEDURES**

Rosida Binti Ahmad Nurhazlina Binti Lamli Maisharah Binti Osman



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#### **TENDER PROCEDURES**

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TENDER PROCEDURES

Preface



This e-book designated to focus mainly on tender procedure in procurement stages in construction project. This topic exposes the various forms of tenders readers to and quotations, the types, characteristics, advantages and disadvantages of tender, tender documents, table tender documents, tender notices, closing of tenders, opening of the tender box, tender opening committees, tender reports, tender validation period and extension of tender validation period, tender boards and their authorities, tender awards, tender rejection and re-tendering.

This e-book is expected to be a reference in helping the readers in the understanding of tender procurement process.

TENDER PROCEDURES

Acknowledgement



First and foremost, praises and thanks to Allah, The Almighty, for His showers of blessings throughout our task to complete the Tender Procudures ebook successfully.

We Would like to express our deep and sincere gratitude to our Head of Department, Mrs Normasita binti Sulaiman, and Head of the Program, Mrs. Sarah Afzan binti Abdul Karim, for giving us the opportunity and for having placed their full trust in us to fulfill the task given.

We would also like to thank our colleagues for their assistance and cooperation in realizing the effort to complete this task successfully.

Finally, we would like to extend our sincere thanks to our family members and all parties who provided support and encouragement either directly or indirectly. Any assistance in completing the assignment given is greatly appreciated.

Thank you.

TENDER

# TENDER

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### TENDER PROCEDURES

# TENDER

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TENDER



"Construction Industry and contribute to economic growth"

### INTRODUCTION

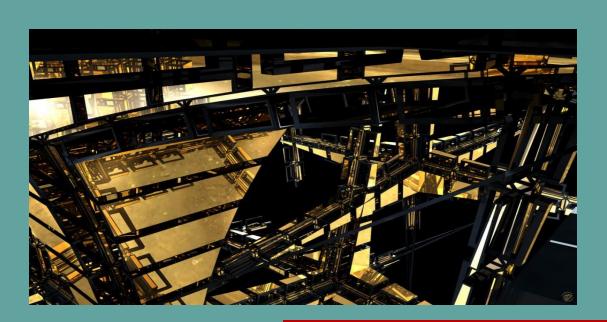
development industry plays The part in development imperative an improvement process in Malaysia. Construction sector is considered as the major contributor to Malaysian Gross Domestic Product (GDP) in the range of 3-6% per year. As a result of the success of economic development, earnings will rise, creating a desire for more construction activity. (Siti Nur Asyikin, 2015).

The success of a development project influenced by many factors. Project success was was defined as achieving the goals and expected outcomes while adhering to the schedule, cost, and performance constraints. (loana et al., 2015).

TENDER

#### INTRODUCTION

The procurement and tendering method are important factors in determining the success of a building project.. Therefore, it is important to understand the construction procurement and tendering procedures to make sure the projects meet the requirement such as finished on time, quality and budget.



"The aspects in determining the success of a construction project is the procurement and tendering method."



#### **INTRODUCTION**

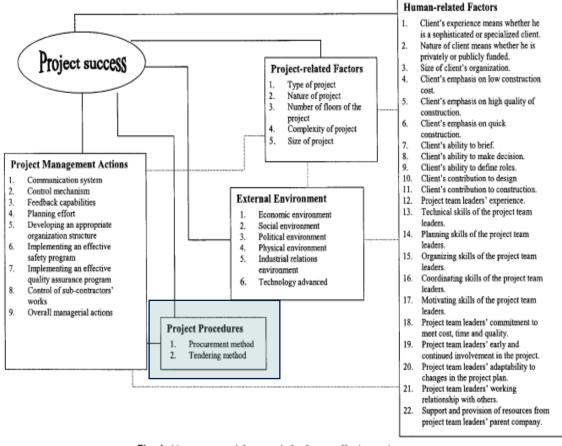


Fig. 1. New conceptual framework for factors affecting project success



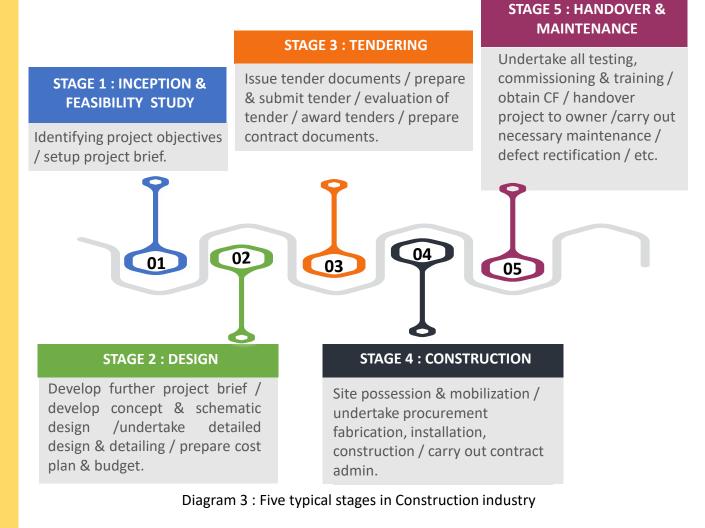




### 5 STAGES IN CONSTRUCTION PROJECT

It is essential to understand the construction stages before we discussed further about the tender procedure.

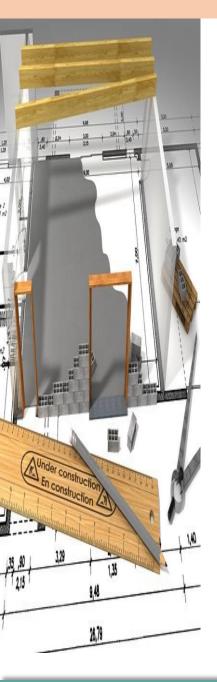
Stages in construction project is the process flow involved from the beginning until the end to ensure that the construction project is completed successfully. Below are the diagram shows the 5 stages in construction process:-



TENDER

#### **Tutorial Questions**

Now you have known about the introduction and the stages on construction projects. Let's do some exercise questions to test your understanding.

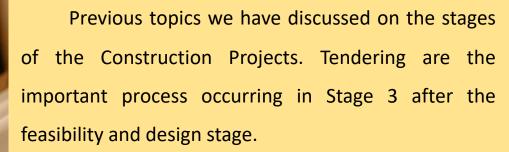


- What do you understand with the stages in construction project
- List the stages in completing a construction project.
- List other four (4) factors in determining the success of a construction projects other than procurement and tendering method.





## **TENDERING IN CONSTRUCTION** Why and How?



### What is tender?

Tender is an offer that includes the amount of money, time, and other conditions that must be met in order to execute a project or a portion of it that consists of specified works. (Norhidayah, 2004)



Tender is also can be defined as the invitation presented by the owner to the contractor to perform specific work at a specific cost in the given time (Mahajan, 2020). After the invitation, the interested contractor will submit the tender. Therefore, tender also can be defined as the submission made by a prospective contractor in response to an invitation to tender. It makes an offer for the supply of goods or service (Designing Building, 2013)



#### **TENDERING IN CONSTRUCTION :**

### Why and How ?

A tender is a written document in which work details are mentioned. It is document is publicly released or sent to eligible suppliers or contractor who are willing to fill it and take the work (Mahajan, 2020).

A tender document helps in a tendering process that helps an owner in selecting qualified and interested contractors and suppliers based on certain contract criteria. In other words, tender is pricing documentation and quality criteria (Mahajan, 2020).



TENDER



### **TENDERING IN CONSTRUCTION :**

Why and How ?

# Why tendering?

Why tendering ? Or in other words, what is the reason or purpose of tendering process. What is the importance and the benefit for the owner of the projects and to the contractors?

Tendering is the process of selecting the best contractor/suppliers with the best experience and quality of work, suitable cost and with appropriate time.

#### THE PURPOSE OF TENDERING

- 1. To select a suitable contractor at a time appropriate to the situation of the project.
- 2. Gives a client/owner a choice in awarding contract a company which proposes the lowest price, short construction cycles with good qualities.

The construction project must be managed in an efficiently. The appropriate selection of a construction contractor increases the probability of a project's successful completion. It can also satisfy the client's objectives while complying to the cost, time, and quality schedules. (R. Dave, 2017).

#### TENDER PROCEDURES

### **TENDERING IN CONSTRUCTION:**

#### Why and How ?

In the construction management process, it is vital to choose the right contractor. Construction contractors are commonly selected during the tendering process.

### How? - General Tender Procedures

How to tender is a question about what is the process or procedure involved in selecting the suitable contractors. There are several steps in general tendering process for completion of a construction project. This is actually the main content of this e-book.



Diagram 5 : The general process of tendering procedures



Here is another diagram show the detail process in general tendering procedures by Mohemad et.all (2011)

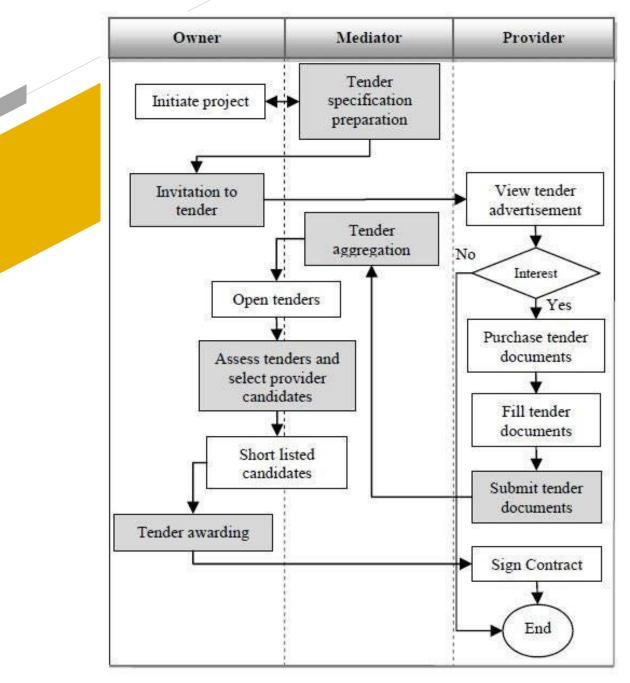
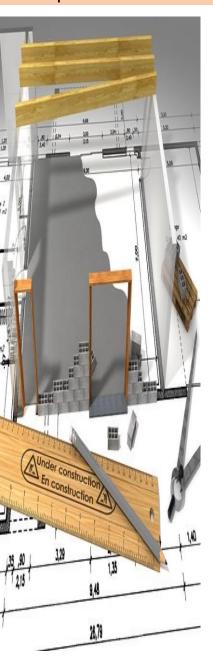


Diagram 6 : The detail process general of tendering procedures, Mohemad et.all (2011)

TENDER

#### **Tutorial Questions**

Let's do some exercise questions to test your understanding on this topics.



- 1. Define tender ?
- 2. What do you understand whith tendering?
- Why the construction project need to do the tendering process? What is the main objective of tendering.
- 4. How to do the tendering procedure?

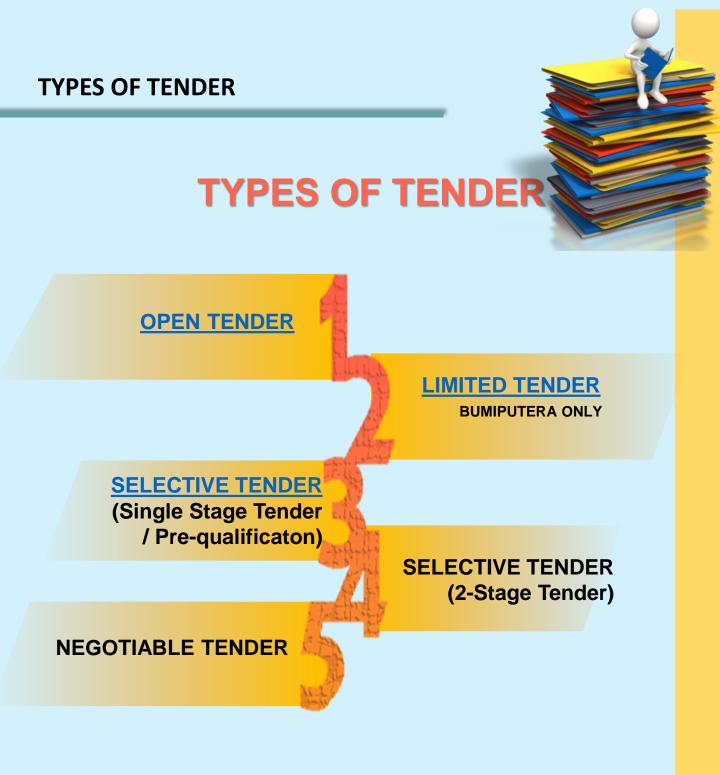




In the General Tender Procedure Diagram 5 shows that the first process is selecting the most preferable contract procurement and the types of tender. There are seven (7) contract procurement options can be selected by the client/owner such as traditional contract, design and build contract, turnkey contract, lump sum contract, cost reimbursement contract, measure and value contract and public and partnership contract. There are many factors in selecting which contract to be chosen, however we will not discussed it here.

After choosing the type of contract preferred, it is important to select the types of tender in conducting tendering process. In the construction sector, many types of tendering processes are utilised to determine a suitable contractor. There are five (5) common types of tender in the procurement process shown on the next diagram. Clients/owners can choose which type to use based on the project's nature.

TENDER









## **OPEN TENDER**

Open tender is the most used tendering method especially for government projects. Generally, Malaysia practiced an open tender system in their government procurement (GATT, 1993).



A public advertisement invites bidders to participate in an open tendering process. Tenderers must submit all required information and are evaluated against the given selection criteria. There are no restrictions on who can submit a tender. (Rajpurohit,2018).



Definition Open Tender "Is the prefered competitive public procurement method used for acquiring goods, services, and infrastructure works"

- Open competitive bidding, open competition, or open solicitation are all terms used to describe open tendering.
- It is carried out in accordance with established procedures defined in the standard bidding documents and outlined in the procurement rules.
- The procurement notices used to ask for bids for these requirements are known as public advertisements. This notice or advertisement is also known as a "Invitation for Bids or Invitation to Tender."

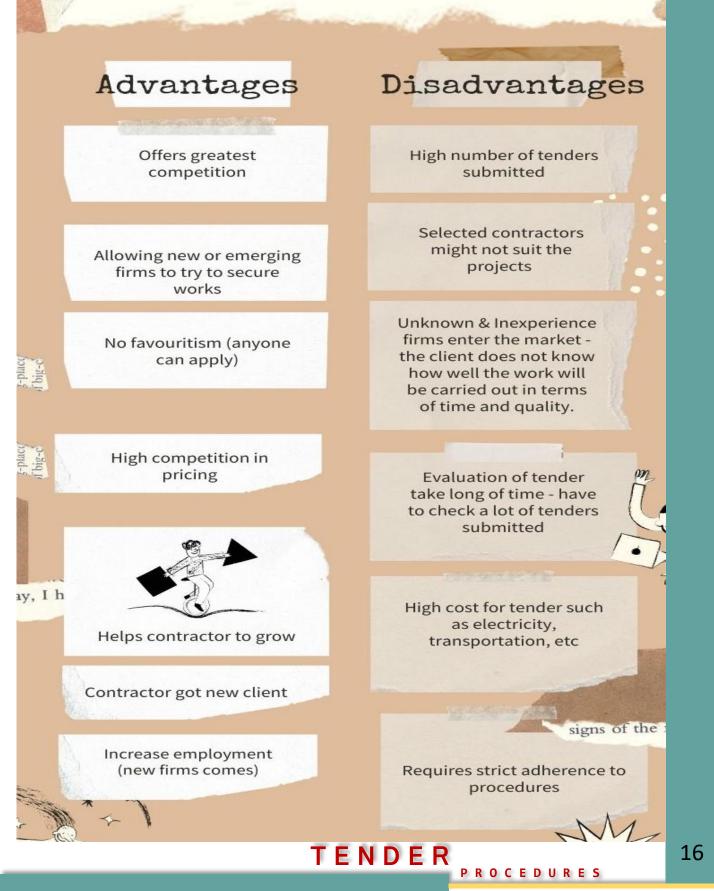
(ProcurementClassRoom, 2021)

# **Fundamental of Open Tender**

- Allow all eligible and interested bidders to participate.
- Locally publicised (and internationally, when required).
- Have objective criteria for qualification.
- Have neutral and clear technical specification.
- Have a set of clear, objective evaluation standards in place, and
- Without contract negotiations, the lowest-cost provider will be chosen.



### OPEN TENDER





#### LEMBAGA KEMAJUAN PERTANIAN MUDA (MADA)

#### TENDER NOTICE(OPEN TENDER)

Lembaga Kemajuan Pertanian Muda ("MADA"), established under Muda Agricultural Development Authority Act 70(1972), with key functions to promote, stimulate, facilitate and undertakeeconomic and social development in the Kawasan Muda as well asto plan and undertake agriculture development within the Kawasan Muda, intends to call for competitive tendering of the following project:-

TENDER TITLE AND TENDER REFERENCE	STATUS	TENDERING QUALIFICATIONS	PRICE OF TENDER DOCUMENTS	TENDER PURCHASE	TENDER CLOSING& SUBMISSION
DESIGN & BUILD PROJECT FOR FULL REFURBISHMENT WORKS AT PEDU DAM, MUDA AGRICULTURAL DEVELOPMENT AUTHORITY (MADA), KEDAH DARUL AMAN, MALAYSIA TENDER REF. NO: MADA(BPESA)2/2012	п	PRK - Class A     Head: 1 ; Sub-head :1 and 2     and 3(b) and 3(b) and 7(a)     and 7(b)     AND     Head: IV ; Sub-head : 2(a) and     2(b) and 2(c) and 2(d) and 4(a)     and 6(a) and 10(a)     AND     CIDB -Grade G7     Specialisation : CE03 and     CE04 and CE06 and CE10 and     CE04 and CE06 and CE10 and     CE04 and CE06 and CE15     and/or CE16	RM 5,000.00 (Non-refundable) In the form of Postal Order or Banker's Cheque, Issued by Malaysian Local Bank or Financial Institution liconsed by Bank Negara Malaysia, made payable to "LEMBAGA KEMAJUAN PERTAMAN MUDA"	DAM MANAGEMENT AND WATER RESOURCES DIVISION MUDA AGRICULTURAL DEVELOPMENT AUTHORITY, MADA HO, AMPANG JAJAR, 05990 ALOR SETAR, KEDAH DARUL AMAN, MALAYSIA From 27 December 2012 Undil 18February 2013 During office hours (Except Friday, Saturday and Public Holidays)	DAM MANAGEMENT AND WATER REBOURCES DIVISION MUDA AGRICULTURAI DEVELOPMENT AUTHORITY, MADA HQ, AMPANG JAJAR, 05990 ALOR SETAR, KEDAH HD, ANDANG SETAR, KEDAH DARUL AMAN, MALAYSIA On 24February 2013 Before 12:00 noon (Local Time

- This Tender is opened to all experience local Contractors registered with and under the specified registration details as pertable above, which is presently still valid and allowed to tender at this point of time. Tenderers with specific experience in dams and large hydraulic structure construction projects will have an added advantage.
- Tenderers are allowed to form a consortium or joint venture. <u>PROVIDED THAT</u>, at least one member must be registered as a contractor of Class A with PKK <u>AND</u>Grade G7 with CIDB (under the specified registration Class, field area, grade and specialisation as stipulated above).
- The Tender Documents will be displayed and made available for purchase from the date, time and at location specified in table above. Tenderers are advised to peruse the Tender Table Document prior to purchase.
- All Tenderers shall observe and comply with statutory requirements, rules and regulations, including any modifications to it
  or re-enactment that is enforced by the Government of Malaysia.
- Tenderers are required to attend COMPULSORY Tender Briefing and Site Visit as scheduled below. All costs associated with attending the tender briefing and site visit shall be borne by the tenderers:-

Date : 26 December 2012 (Wednesday)

Time : 10.00 a.m. (local time)

Venue : Dam Administration Office, Pedu Dam, Kedah Darul Aman

Important Notes : a.) Representive from the Interested Tenderers attending to the briefing and site visit shall bring along a copy of NRIC (Malaysian) / Passport (Foreigner) to be submitted to MADA for issuance of security pass for entering the dam compound. b.) No cameras, video cameras, mobile phones, tablets, tab or similar type of electronic devices will be allowed on dam site due to standard security measures.

- 6. The Tender Documents will only be sold to "bona fide" representative of the Tenderers. For this purpose, a letter of authorization to purchase the Tender Documents MUST be produced by the representative of the Contractors, together with 'ORIGINAL' and <u>CERTIFIED TRUE COPY (certified by the Company Secretary/Professional & Management Group)</u> of the registration certificates of PKK and CIDB to confirm the Tenderer's qualification.
- The completed Tender Proposals shall be enclosed in sealed envelope, with the tender titles and number clearly marked and must be delivered to the Tender Box atlocation as stated in the above table.
- 8. MADA is not duty bound to accept the lowest bid or any offer related to it and shall not in any way be responsible or liable for any costs or damages incurred by the Tenderers for whatsoever reasons, regardless of the conduct or outcome of the bidding. All dealings pertaining to the preparation and submission of the Tenders are to be made in writing and forwarded to the address as set out above.
- Should there be any queries; Tenderers are advised to contact MADA at DAM MANAGEMENT AND WATER RESOURCES DIVISION, telephone number +604-772 8255 or Fax number +604-771 0368 or email to <u>bpesa@mada.gov.my</u>.

Sources: My Government Portal, https://www.malaysia.gov.my/portal/search?key=open%20tender

TENDER



TENDER NOTICE INFORMATION:	
Bumiputera / Open	: Open Tender
Tender Reference	: T/JBALB/13&15&16/FEB.2020
Tender Title	: (*Note: Due to MCO, these tenders closing are postponed until further notice.) T/JBALB/13/FEB.2020, T/JBALB/15/FEB.2020 and T/JBALB/16/FEB.2020.
Tender Closing Date	: 22-04-2020
Tender Closing Time	: 12:00 noon (Tender Document reached and submitted after 12:00 noon will not be accepted)

PARTICIPATION CONDITIONS:	
Registered with	: Unit Pendaftaran Kontraktor and Juruperunding (UPKJ)
Registation Status	: OPEN
Registration Category	: Works
Registration Classification	: Class A, B, BX Head I Subhead 4
TENDER DOCUMENTS OBTAINABLE FROM:	
Ministry / Department	: JABATAN BEKALAN AIR LUAR BANDAR
Originating Station	: JBALB Headquarters
Office Address	: Rural Water Supply Department of Sarawak, Mezzanine dan Tingkat 1, Bangunan ST3, No. 55, Jalan Simpang Tiga, 93350 Kuching, Sarawak, Malaysia.
Office Phone	:
Please bring along the following documents	: Original Copy of UPKJ Registration Certificate

PAYMENT DETAILS:	
Document Fee	: RM 400.00
Payable To	: SARAWAK GOVERNMENT

COMPLETED TENDER DOCUMENTS TO BE SENT TO:			
Tender Board	: THE CHAIRMAN CHAIRMAN STATE CENTRAL TENDER BOARD		
Address of Tender Board	: State Central Tenders Board, c/o State Financial Secretary 🗅 s Office, 14th Floor, Wisma Bapa Malaysia Petra Jaya, 93502 Kuching, Sarawak		
Reminder	: The tender should be put in a sealed envelope marked with Tender Title and Tender Reference.		
Additional Requirement	:		

TENDER NOTICE ADMINISTRATION :		
Entered By : Dexter Dass anak Lai [24-11-2018 11:29:31 AM]		
Updated By : EE POH LING [02-04-2020 12:04:17 PM]		
Checked & Published By : EE POH LING [02-04-2020 12:05:01 PM]		
Checker Remark :		

https://etendernotice.sarawak.gov.my/etender/public\_tender\_view.jsp?TenderId=92821

### TENDER





### TYPE<mark>S O</mark>F TENDER

# LIMITED TENDER (bumiputera only)

Limited tender aimed to a select group of contractors and suppliers that can provide a consistent supply.

In Malaysia, limited tender provide opportunities for bumiputera contractors involved in the construction industry without the non-bumiputera. In public procurement, the Bumiputera business community receives special privileges through a variety of preferences [EPU], 2016a).

TENDER



#### Definition

Limited Tender "Limited tender addressed to a limited number of contractor and suppliers, who are the reliable source of supply." The main preference, according to Malaysia Public Procurement, is set-asides, in which specific goods and services are only procured by Bumiputera suppliers and contractors. These include items and services for up to RM100,000, any works project worth up to RM50,000, and other commodities, services, and works for which it is clear that Bumiputera businesses can provide competent suppliers and contractors.

Set aside quotas are often used in the construction industry. Within a financial year, at least 50% of works projects costing between RM50,000 and RM350,000 are made aside for Bumiputera contractors, while the quota for projects worth more than RM350,000 is 30%.

TENDER



The client issues a limited tender to contractors who meet the qualifications listed in the offer statement (tender notice/advertisement).

The contractor qualification class is obtained when the contractor company is registered. The contractor must register his company with the Contractor Service Center (PKK) or the Construction Industry Development Board (CIDB). Table 1 & 2 shows the contractor registration classes according to financial eligibility. In restricted tenders, clients invite bids openly but limited to contractors in certain classes.

Table 1 : Contractor registration with the Contractor Service Centre (PKK)

KELAS	HAD KEWANGAN (RM)	MODAL BERBAYAR (RM)
Α	> 10 juta	600,001
В	5,000,001 - 10,000,000	400,001
С	2,000,001 - 5,000,000	100,001
D	500,001 - 2,000,000	35,001
E	200,001 - 500,000	17,501
F	Sehingga 200,000	10,000

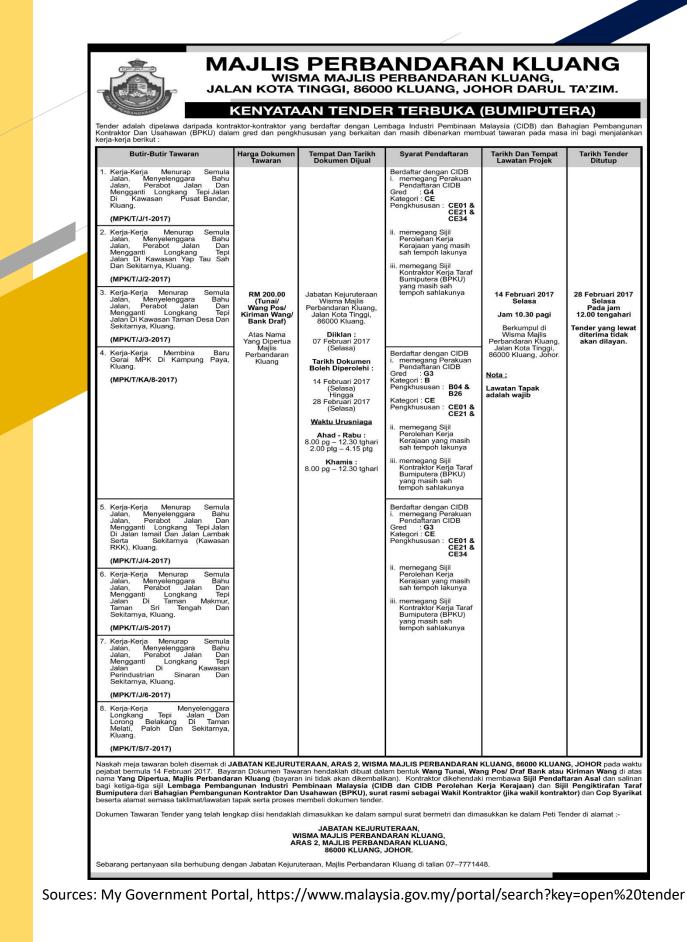
TENDER

#### Table 2 : Contractor registration with the CIDB

Gred	Keupayaan Menender (RM)
G1	Tidak Melebihi 100,000
G2	Tidak Melebihi 500,000
G3	Tidak Melebihi 1 juta
G4	Tidak Melebihi 3 juta
G5	Tidak Melebihi 5 juta
G6	Tidak Melebihi 10 juta
G7	Tiada had

Sources: Maklumat Asas KKR (Bab 2:Kontraktor), 2011





TENDER





## SELECTIVE TENDER

- Contractors can only submit tenders if they have been invited to do so.
- A list of potential contractors is compiled that has been pre-selected based on their track record as being suitable for a contract of the size, kind, and complexity required.
- This method of tendering may be especially useful for specialised or complex contracts, as well as contracts with only a few suitable firms.
- Tendering can be done in a single or twostage process.
- Two-stage tendering allows a contractor to be appointed before all of the necessary information is collected, allowing them to provide a fixed price.

Source: Designing Building, 2020)

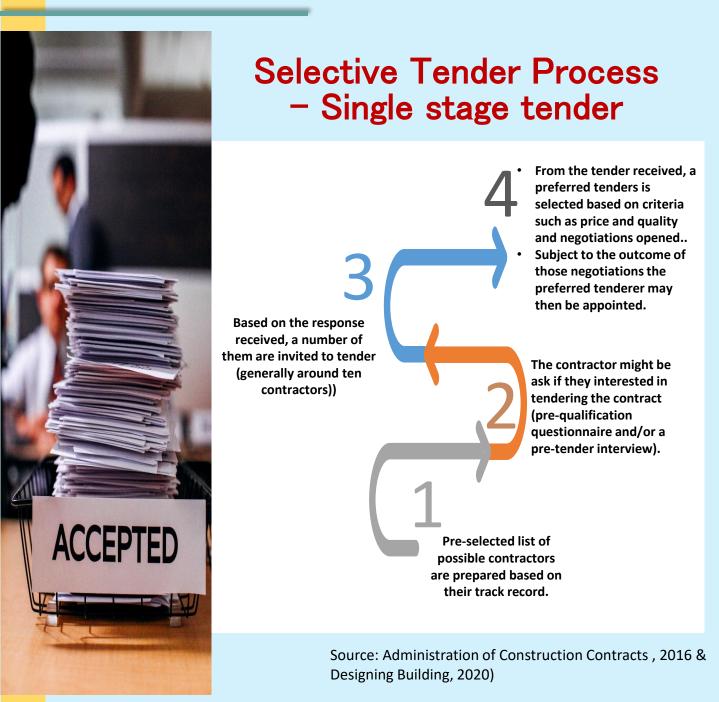


'The objective of the selective tendering is to limit the number of contractor" (Institution of Civil Engineers Staff, 2001)

PROCEDURES

(Source: Designing Building, 2020)





It is generally accepted as good practice that the number of contractor invited to tender should not be less than four nor more than eight (Institution of Civil Engineers Staff, 2001). Generally it less than 10 contractors who invited in the selective tender.

TENDER

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## Selective Tender 2 Stage tendering

- The goal of a two-stage tender is to speed
  the procurement process by allowing the
  architect and contractor to begin work on
  the project as soon as possible.
- The contractor will be able to begin work (e.g., excavation, foundations) on site as soon as possible using this method. It's typically employed in large or complicated tendering projects. The tendering process for this selective tender consists of two stages.

### **STAGE 1**

The contractor will be chosen through a selective competition based on a partially developed consultants design and a simple bill of approximate quantities (preliminary items and major items of measured work).





### STAGE 2

- The contractor then aids with the final completion of the design and tender documentation, which are used to create construction tenders.
- The tenderer for the first stage has the option to tender or negotiate for the second step.
- Contractors are given the flexibility to submit sums for profit and attendance as specialist items in the Prime Cost Sum.
- The client/owner will also inquire about the contractor's overheads and profits.
- The price agreement that will be negotiated with the successful contractor will be based on these prices.



## **Negotiation Tender**

Negotiation tenders are obtained by the employer inviting a contractor on his choice to submit prices for a project. Usually this is for specialised work or when particular equipment is needed as an extension of existing work, or for further work following a previous contract. Sometimes negotiation tender can be used when there is a very tight deadline, or emergency works are necessary. (the constructor, n.d.)

TENDER

### DISADVANTAGES

- The work cost is likely higher than competitive tender. (Contractor offer higher price because of less competition).
- Risk in taking and selecting a quality contractor.



## **Negotiation Tender**



### ADVANTAGES

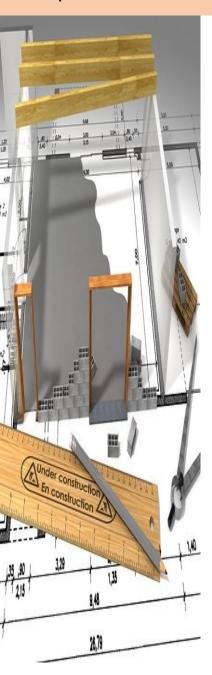
- It will produce high quality of construction by using a high technology and contractor experience
- It will save time, less effort and cost in terms of preparation the tender document because of less contractor participate in this tender.
- Secured project will be completed in the prescribed period
- If any questions arise, they will be discussed In most cases, resolved without trouble.
- Pricing errors can be reduced, giving both parties confidence that the job will be finished on time and assuming no unexpected problems develop.

TENDER

PROCEDURES

### **Tutorial Questions**

Let's do some exercise questions to test your understanding on this topics.



- 1. List types of tender.
- In tables, differentiate the different between all the tenders with short, brief and simple explanation by every point.





## **TENDER DOCUMENTS**

### DEFINITION

### DEFINITION

The tender document is the document published by the Tender Inviting Authority. The content of the tender document are designs, specifications, quality requirements, and general conditions that will govern the contract upon acceptance of a bid.. (Law Insider, n.d.)



Tenders documents may include:

- Cover letter
- A letter of invitation to tender.
- □ The form of tender.
- Instructions to tenderers
- General and particular conditions of contract
- □ The specification
- Bill of quantities or schedule of prices
- The specifications
- The contract

drawings/designs or plans



## TYPES OF TENDER DOCUMENT



BASED ON BILLS OF QUANTITIES	BASED ON DRAWING AND SPECIFICATION
1.Tender invitation letter	1.Tender invitation letter
2.Tender form	2.Tender form
3.Instruction to tenderers	3.Instruction to tenderers
4.Preliminary working list, description of materials and work quality	4.Preliminary working list, description of materials and work quality
5.Checklist to submit tender	5.Checklist to submit tender
6.Specification	6.Specification
7.Contractor background	7.Contractor background
8.Bill of quantity	8.Summary of tender
9.Appendix	9.Cost analysis schedule
10.Drawing	10.Appendix
	11.Drawing



## TENDER TABLE DOCUMENTES

Is a tender document displayed for reference and inspection of contractors who have purchased tender document. These manuscripts usually contain a number of specific documents related to the project being offered. This includes the terms of the contract of the offer form, drawings, job determination and, many more.

> dengan ini mengisytiharkan bahawa saya atau mana-mana individu yang mewakili syarikat ini tidak akan menawar atau member rasuah kepada mana-mana individu dalam **Dewan Bandaraya Kuala Lumpur** atau mana-mana individu lain, sebagai sogokan untuk dipilih dalam tender/sebut harga \*\*\* seperti di atas. Bogsan<del>u ang di diangrikar S</del>ugat Pergahitan Kusas individu seperti tercat ti di atas un uk memerinta pergis<del>un</del>a anjiri.

PKK

ROC

2. Sekiranya saya atau mana-mana individu yang mewakili syarikat ini didapati bersalah menawar atau member rasuah kepada mana-mana Atividu daham beran Bandaraya Kuala Lumpur atau mana-mana individu lain sebagai sogkatar unuk digilihi saan berikut diambil: maka saya sebagai wakil syarikat bersetuju tindakan-tindakan berikut diambil:



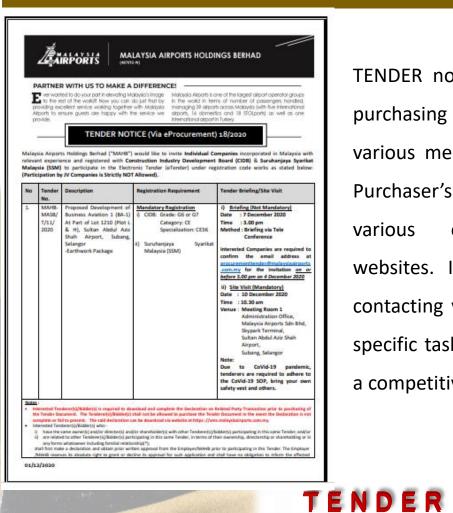
KKM.

CIDB:

penarikah balik tawaran kontrak bagi tender/sebut harga\* di atas; atau penamatan kontrak bagi tender/sebut harga\* di atas; dan lain-lain tindakan tatatertib mengikut peraturan perolehan Kerajaan.

 Sekiranya terdapat mana-mana individu cuba meminta rasuah daripada sya atau mana-mana individu yang berkaitan dengan syarikat ini sebagai sogokan untuk dipilih dalam tender/sebut harga\*

## **TENDER NOTICE**



TENDER notice is the notice by purchasing entities published in various media like: Newspapers, Purchaser's own website and, various other Government websites. It is the practice of contacting vendors to perform a specific task or deliver service at a competitive price.

PROCEDURES

## **CONTENTS OF TENDER NOTICE**

- 1. Name Of project
- Name & address of the company
- 3. Name of work, materials or services
- 4. Work Location
- 5. Earnest Money to pay
- Date and time on which Tender Document sale commences.
- 7. Type of tender





- 8. Designation of officer inviting tender
- 9. The cost of tender document
- 10. Date and location of site visit
- 11. Last date and time of tender submission.
- 12. Registration requirement
- 13. Place for submission of tender document.

PROCEDURES

## TENDER CLOSING

- As soon as the tender close, the tender box should be placed under strict security.
- If delay in opening it is unavoidable.
- Other wise immediate opening is very much preferred.







lasa : 12.00 Tengah



## **TENDER BOX**

**Tender Box** means the locked box at the address on the cover page of the tender document specifically reserved to receive responses to the advertised tender/proposed tender.

*Tender Box* also means a lockable secure box in physical or a virtual box where tenders are submitted physically or virtually and to be opened only after the tender submission deadline (Insider, n.d.)



Figure 1: Tender Box

Image from <http://www.powerjet.com.my/index.php?ws=showproducts&products\_id=2146745>

TENDER

PROCEDURES

### **TENDER BOX**

## Closing & Opening Of Tender Box

The date and time of the tender's closing, and the address to which all bidders must submit their tender documents, are all specified on the tender advertisement. All tenderers must drop or post their document to specified place stated in the advertisement.



A Tender Opening Committee encompassing a senior government officers will;

- 1. Open and schedule all the tenders;
- 2. Prepare a schedule of price quoted.
- 3. All tenders will be given a serial number and the name of the bidders will be omitted to be fair.
- 4. All tenders will be evaluated by the Technical and Financial Evaluation committees in a fair, just, and independent manner. (UNODC, 2016)

TENDER





# After the opening of the tender box

All tenders will be evaluated by the Evaluation Committees based on the criteria specified in the tender document.

It is necessary to complete the evaluation process within 90 days of the tender closing date.

Evaluation are normally done by two separate committees.

- Technical Evaluation Committee
- Financial Evaluation Committee.

<complex-block>

TENDER

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The evaluation done by both committees are based on these criteria;

- Ranking of tenders received
- Pre-determined weightage for the final evaluation of all tenders will be apply by the tender secretariat.
- Tender evaluation report will be sent to the Procurement Boards for discussion and determination. (UNODC, 2016)







## **TENDER REPORT**

A tender report is a written document, or an analysis or evaluation report prepared by the tender opening committee based on the tenders submitted by the bidders/tenderers

Tender reports consist of:

- Precondition of evaluating the tender (late tender and tender amended without consent from the client).
- Preliminary analysis in terms of;
  - The price of tender,

TENDER

- Completeness of all required tender documentation
- Enough funds to get started on the project.
- Tenderer's current work performance.
- Bill of Quantities is examined in detail, including price comparison (for future variation).

PROCEDU

Tender report consist of:

- Tenderer experience works completed in the past five years.
- Financial report analysis / financial capability.
- Technical capabilities analysis.



## TENDER VALIDATION PERIOD



**Tender Validation Period** represents the time in which the tenderer tender offer is valid and open for acceptance by the employer, as indicated in the tender particulars (as may be extended from time to time following this Instruction to Tenderer).

(Source: Insider, n.d.)

The duration of the period is usually stated up front, such as 30 days, 60 days, 90 days, and so on (Grobler, 2020).

Most tender validation periods are offered and must be used within ninety days (90) of the tender filing deadline, and they cannot be withdrawn during this time.

If a tenderer withdraws within the validity period or an extended validity period or refuses to accept the awarded tender, the tenderer will face disciplinary action in the following manner:

- Two (2) years suspension for the first offense; TOBER
- Five (5) years suspension for the second offense, and
- Third and subsequent offense, the license will be revoked.

PROCEDURE



## TENDER EXTENSION OF TENDER VALIDATION PERIOD

Extension of tender validity period is under special circumstances, before the expiry of the tender validity period, the employer may request the tenderer/bidder to agree to extend the tender validity period. Tenderer must submit any requirements and response in written form.

Tenderers are not obligated to agree to any request by the Employer to extend the Tender Validity Period in this circumstance (extension of tender validity period).The Tenderer's Tender Security will not be withdrawn if the Tenderer refuses the request.

When a tenderer accepts to extend the Tender Validity Period, the Employer's have the right to extend the Tender Security as well. This is because the Tenderer may be required to extend the validity of the Tender Security or provide the Employer with a new Tender Security if necessary.



ROCEDURES





## **TENDER SECURITY**



A construction project's tender security/performance bond (also known as a contract bond) effectively ensures a contractor's satisfactory completion of a project. This bond protects the insured party if the contracted entity fails to fulfill its duties as outlined in insured-contractor lf the the agreement. tenderer/bidder withdraws his bid/tender before the end of the tender validity time or (ii) refuses to sign the contract if chosen, the tenderer/bidder forfeits the tender security amount to the Employer/Client. The Employer/Client, including the bank from which the Tender is obtained, determines and stipulates the Tender Security guarantee.

TENDER

### **TENDER SECURITY**

The purpose of the performance bond in the construction industry is to serve as an effective safeguard against nonperformance, and its creation provides a security that is readily available to be realised when the prescribed event occurs, such as simply failing to complete the work that was contracted to be completed (Supardi, 2007)

The objective of a bond provides financial security to the employer in the form of cash payable by the bank if the contractor fails to fulfil his commitments under the construction contract. The contract's stipulations determine whether a contractor must provide a performance bond. *Clause 37(a) of Malaysia's PWD Form 203A (Rev. 10/83), as defined above* (Supardi, 2007)

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A Standard Form of Contract is used when Bills of Quantities are used. The Contractor shall deposit a performance bond equal to 5% of the Contract Sum with the Government prior to the start of work, either in cash or in the form of a Treasury's Deposit, Banker's Draft, or approved Banker's or Insurance Guarantee.

In other words, the Contractor is not allowed to do any work under the Contract unless and until the performance bond is provided. (Supardi, 2007)

The Contractor's failure to provide a performance bond may be considered a major breach of contract, allowing the Government to terminate the contract and sue the Contractor for damages (Fong, 2004b).

TENDER

PROCEDUR

## **TENDER SECURITY**



The selected Tenderer will be required to submit a Tender Security / Performance Bond in the amount of the Contract Sum in cash or an approved Banker's Guarantee/Insurance/Licensed Finance Company issued by a Malaysian bank on the standard form provided by the Employer.

Tender Security is normally accepted in one of the formats listed below:

- i. Bank guarantee (unconditional).
- ii. Letter of credit that cannot be revoked.
- iii. Certified check
- iv. Bond

### **TENDER SECURITY**

According to Robinson et al. (1996), there are two types of performance bonds:

 A conditional bond, sometimes known as a default bond. A default bond is a contract of guarantee in which the surety accepts 'joint and several liabilities for the contractor's fulfillment of the building contract's obligations: the contractor remains alone responsible for his performance and is not protected by the bond.

2.

Bonds that are not conditional or that can be redeemed at any time. An on-demand bond is a promise by the surety (usually a bank) to compensate the employer in the event of contractor default, subject to specified restrictions and up to a value often between 10% and 20% of the primary contract price. This agreement does not include the contractor. (Supardi, 2007)

PROCEDURES

TENDER





## **PROCUREMENT BOARDS**

All tenders over RM500,000 in value, i.e. acquisition of supplies, services, and works, must be evaluated and resolved by Agency Procurement Boards.

All Federal Government Procurement Boards are appointed by the Minister of Finance.

The States Government Procurement Boards are appointed by the different states' Chief Ministers.

A Head of Department or a Controlling Officer is usually is the Chairperson.

The Financial Procedure Act of 1957 empowers a Controlling Officer to handle the annual allocation allocated to a specific Ministry of Department.

In all federal ministries, there are currently TWO (2) Agency Procurement Boards; (Thornton, 2017)

TENDER

PROCEDUR

### **PROCUREMENT BOARDS**

### Agency Procurement Board A

- Goods and services up to 50 million.
- Works Up to 100 million
- Representative from Ministry of Finance (MOF) is REQUIRED to validate the decision of the Board

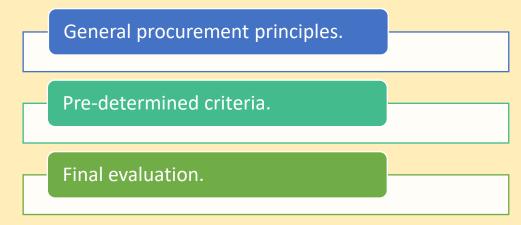
## Agency Procurement Board B

- Decided on all tender below RM 20 million.
- NO representative from the Ministry of Finance (MOF)



The successful tender/bidder will be evaluated and chosen by the Agency Procurement Board.

Successful tenderers/bidders are chosen based on the following criteria:



Tenders for more than RM50 million in goods and services and RM100 million in work for Government Ministries/Departments, as well as tenders worth more than RM100 million for statutory entities, must be sent to the Ministry of Finance for final approval. Any non-unanimous Agency Procurement Board decision must be sent to the Ministry of Finance for final approval. (Thornton, 2017)



### **PROCUREMENT BOARDS**

## REGULATIONS ON TRAINING OF PERSONNEL IN CHARGE OF PROCUREMENT

 The National Institute of Public Administration (INTAN) provides procurement workers with specific training that includes integrity.

PROCEDURES

Some of the courses offered under the Financial Management Center.

- Government Procurement Management
- Accountability in the Financial Management
- Financial Procedures.
- Cost Strategic.
- Asset Management.

Government of Malaysia Service Circular No 4/1999 mandates that all civil servants, including those in control of procurement, undertake an Integrity Management Module training.

TENDER





## **TENDER AWARD**

The award decision is made by the competent authority, usually based on the recommendation given by the evaluation team after the tender is reviewed according to the applicable criteria provided in the Tender Report and any discussions are satisfactorily completed. (Holbrook, 2020)

The Employer/Client will notify the successful Tender in writing, before the expiration of the Tender Validity Period, that their Tender Offer has been accepted and that they have been awarded the Contract for the Works on the terms and conditions specified in the Letter of Acceptance. Until a formal contract is created and executed, the Letter of Acceptance is regarded a legally binding contract between the Employer/Client and the successful Tenderer.

Following the issuance of the Letter of Acceptance, the Employer/Client must compile all contract documents and submit them to the successful Tenderer for signing.

Within twenty-eight (28) days of receiving the Contract, the successful Tenderer must sign, date, and deliver it to the Employer/Client.

TENDER

PROCEDURES





## **TENDER REJECTION**

A rejection of a tender may have a lot of reason or factors behind it. It depends on the requirement set by the Employer/Client in the Tender Terms. In general, factors on rejection of a tender are:

## High value tender.

## Low value tender. It may lead to low quality bad work.

Bad past record and unsatisfactory history. Works covered are too much and have exceed financial limit

Not following any of the tender terms and conditions.

Detail of tender not properly filled in. Not having enough financial to support a project.







## **RE-TENDERING**

If they fall under one of the following categories, they may need to re-tender for an existing contract:

- Never submitted a more complicated tender before and don't know where to start.
- 2. When a tenderer has seen a previous submission that was not up to par, or when the tenderer is aware of the client's in-house resources / talents, the tenderer may be unable to make a winning proposal.
- 3. It's a must-win contract. It will be bad to their business if they lose it.

#### Compliance

• Answers all the question that is being actually asked.

### Case studies & evidence.

• Benchmarking history of previous record and current performance (balancing out the data and plan to improve in the next contract)

### Cultural fit.

• Submission should reflect successfully on the collaboration and integration with client to deliver an exceptional services.

#### Address the changes.

• All changes in the specification, no matter how subtle, should be addresses in your solution and reflected in the tender submission.

#### Continuous Improvement & Innovation.

TENDER

• Create solutions that are truly innovative and evidence the solutions with examples from working with other clients or industry data.

PROCEDURES

(Zemaities Associates, 2021)

## **Tutorial Questions**

Let's do some exercise questions to test your understanding on this topics.



- 1. Define tender validation period.
- State how many days tender validity period are given.
- 3. List the factors for tender rejection.
- 4. Who will be in the tender procurement board?
- Determine the amount of performance bond / tender security for a tender.
- 6. Tender evaluation are done based on?

TENDER

### **TUTORIAL ANSWERS**

1. Define tender validation period.

Tender Validation Period means the period during which the tenderer's tender offer shall remain valid and open for acceptance by the employer, as set out in the tender particulars.

- State how many days tender validity period are given.
   30 days, 60 days, and 90 days or any days given or stated in the tender document.
- 3. List the factors for tender rejection.
  - High value tender
  - Low value tender
  - Bad past record and unsatisfactory history
  - Works covered are too much and have exceed financial limit
  - Not following any of the tender terms and conditions
  - Detail of tender not properly filled in
  - Not having enough financial to support a project.
- 4. Who will be in the tender procurement board?
  - Representative from Ministry of Finance for a project up 50-100 million.
  - Federal Government officer.
  - States Government officer
  - Board of Director or staff within a private company

TENDER

PROCEDURES

## **TUTORIAL ANSWERS**

Drocurement	<ul> <li>Up to 50 million for supplies and services</li> <li>Up to 100 million for works.</li> <li>Representative from Ministry of Finance (MOF) is MANDATORY to validate the decision of the Board</li> </ul>	
Agency Procurement Board B	<ul> <li>Decided on all tender below RM 20 million.</li> <li>NO representative from the Ministry of Finance (MOF)</li> </ul>	

- Determine the amount of performance bond / tender security for a tender.
   5% 10% for contract sum.
- 6. Tender evaluation are done based on?
  - Tender received by rankings.
  - Criteria set by the client/employer.
  - Price.

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TENDER

PROCEDURES

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